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**MIKE WINSOR**  
Office of the Commissioner of  
Securities & Insurance  
840 Helena Avenue  
Helena, MT 59601  
(406) 444-2040

Attorney for the Department of Insurance

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
OFFICE OF THE STATE AUDITOR  
STATE OF MONTANA**

|  |   |                                   |
|--|---|-----------------------------------|
| IN THE MATTER OF:                                    | ) |                                   |
|  | ) | Case No. INS 2007-79              |
| NATIONAL ALLIANCE OF ASSOCIATIONS,                   | ) |                                   |
| a.k.a. NATIONAL TRADE BUSINESS                       | ) |                                   |
| ASSOCIATION, a.k.a. NATIONAL                         | ) | <b>CONSENT AGREEMENT AND</b>      |
| TRANSPORTATION BENEFITS ALLIANCE                     | ) | <b>FINAL ORDER FOR</b>            |
| ASSOCIATION, a.k.a. NATIONAL TRADE                   | ) | <b>RESPONDENTS PAYLOGIX, LLC,</b> |
| BUSINESS ALLIANCE OF AMERICA, a.k.a.                 | ) | <b>and RICHARD PFADENHAUER</b>    |
| ALLIANCE ASSOCIATION HEALTH, a.k.a.                  | ) |                                   |
| QUALIFIED ADMINISTRATIVE SPECIALISTS                 | ) |                                   |
| OF AMERICA, a.k.a. AMERICAN EMPLOYERS                | ) |                                   |
| ASSOCIATION, a.k.a. NATIONAL ALLIANCE                | ) |                                   |
| HEALTHCARE, a.k.a. HEALTHCARE ALLIANCE,              | ) |                                   |
| a.k.a. ASSOCIATION HEALTH CARE                       | ) |                                   |
| MANAGEMENT INC., a.k.a. ALLIANCE                     | ) |                                   |
| HEALTH, a.k.a. AFFINITY HEALTH, a.k.a.               | ) |                                   |
| AFFINITY ASSOCIATION GROUP, a.k.a.                   | ) |                                   |
| NATIONAL ASSOCIATION OF PRIVATE                      | ) |                                   |
| ENTERPRISE, a.k.a. ALLIANCE ASSOCIATION              | ) |                                   |
| HEALTH, a.k.a. NATIONAL ALLIANCE OF                  | ) |                                   |
| ENTREPRENEURS;                                       | ) |                                   |
|  | ) |                                   |
| PROFESSIONAL BENEFITS CONSULTANTS OF                 | ) |                                   |
| DELAWARE, a.k.a. PROFESSIONAL BENEFITS               | ) |                                   |
| CONSULTANTS INC., a.k.a. PBC DIRECT, a.k.a.          | ) |                                   |
| PERSONAL BENEFITS CONSULTANTS INC.;                  | ) |                                   |
|  | ) |                                   |
| THOMAS J. SULLIVAN; JAMES DOYLE;                     | ) |                                   |
| CHRISTOPHER ASHIOTES; ROBERT FORTIER;                | ) |                                   |
| MICHAEL B. ROBERTS; and DAWN MAAHS;                  | ) |                                   |
| individually and/or in their capacities as officers, | ) |                                   |
| directors or agents of the above-named entities;     | ) |                                   |
|  | ) |                                   |
| ACCESS ONE CONSUMER HEALTH INC.,                     | ) |                                   |
| CAREY DANIEL ADAMS; and JULIAN STUART                | ) |                                   |
|  | ) |                                   |
|  | ) |                                   |

CRAWFORD; individually and/or in their capacities )  
as officers, directors or agents of the immediately )  
foregoing entities; )  
)

SEBRITE AGENCY INC.; MINNESOTA E-BIZ; )  
DIRECT SERVICES ASSOCIATION; DP HEALTH )  
MANAGEMENT SERVICES LLC; WORLDWIDE )  
INSURANCE AND REINSURANCE SERVICES )  
INC.; PRO-TEC ADMINISTRATORS/ )  
ENHANCEMENT SERVICES INC.; CONSUMER )  
ALLIANCE USA, a.k.a CAUSA; PROFESSIONAL )  
RISK AND ASSET MANAGEMENT INSURANCE )  
SERVICES INC.; SMART DATA SOLUTIONS )  
LLC; )  
)

RICHARD RANDALL, JR.; TONY DENNIS; CODY )  
KOTKE; RANDY TROLLOP; CHRIS NOVINGER; )  
JOHN VANHARA; YAMIL D. EMEDAN; )  
CHRISTOPHER HUMMER; CARMEN JOY; AL )  
KLINE; DEREK A. SEIWERT; JERRY SARVADI, )  
a.k.a GERALD SARVADI; MARK KUHL; SCOTT )  
INTRAVIA; CAMERON STRONG; MICHAEL )  
SACKETT and DAVID P. WILSON; BART POSEY; )  
RICHARD BACHMAN; OBED KIRKPATRICK; )  
individually and/or in their capacities as officers, )  
directors or agents of the immediately foregoing )  
entities; )  
)

CONSOLIDATED WORKERS ASSOCIATION )  
INC.; CLAIMS AND BENEFIT MANAGEMENT )  
INC., a.k.a CLAIMS MANAGEMENT SERVICE, )  
a.k.a CBM ADMINISTRATORS, a.k.a. CBMC; )  
HEALTHCARE RECOVERY SYSTEMS, INC.; )  
INTEGRATED HEALTH BENEFITS; NATIONAL )  
ALLIANCE OF BENEFIT SERVICES )  
ASSOCIATION; WALTER CECCHINI; BRAD )  
WESSLER; individually and/or in their capacities as )  
officers, directors or agents of the immediately )  
foregoing entities; )  
)

PAYLOGIX, LLC; RICHARD PFADENHAUER, )  
and LEE DELORENZO, individually and/or in their )  
capacities as officers, directors or agents of )  
PAYLOGIX; )  
)

Respondents. )  
)

This Consent Agreement dated this 17<sup>TH</sup> day of SEPTEMBER 2010, is between the Montana Insurance Department ("Department"), acting pursuant to the authority of the Insurance Code, Mont. Code Ann. § 33-1-101 *et. seq.*, and § 2-4-603, and Paylogix, LLC and Richard Pfandenhauer (referred to collectively herein as "Respondents").

### **RECITALS**

WHEREAS, the Department issued a Notice of Proposed Agency Action and Opportunity for Hearing ("Notice") against the Respondents on September 3, 2009, alleging violations of the Montana Insurance Code, *to wit*: Mont Code Ann. §§ 33-1-104(1).

WHEREAS, the Allegations of Fact and Conclusions of Law contained in the Notice are incorporated herein by reference.

WHEREAS, the Respondents neither admit nor deny the Allegations of Fact and Conclusions of Law contained in the Notice.

WHEREAS, the Department and the Respondents agree that the parties' best interests would be served by entering into the following specific agreement and undertakings set forth below.

NOW THEREFORE, in consideration of the mutual undertakings established herein, the Department and the Respondents enter into the following:

### **AGREEMENT**

The parties stipulate and agree to the following:

1. Respondents shall pay to the Department the sum of Six Thousand Five Hundred Dollars (\$6,500.00).
2. Respondents' payment shall be due within ten days of the effective date of the Final Order as set forth in Paragraph 14 below. The check should be payable to the Montana



State Auditor's Office and sent to the Commissioner of Securities and Insurance, Office of the Montana State Auditor, Attention: Mike Winsor, 840 Helena Avenue, Helena, MT 59601.

3. The Respondents acknowledge the CSI and the Department have jurisdiction over the subject matter of the above entitled proceeding.

4. The Respondents acknowledge they were advised of their option to be represented by legal counsel, have consulted with legal counsel regarding this Consent Agreement, and are satisfied with the services of their legal counsel.

5. The Respondents acknowledge that they have read and understand each term of this Consent Agreement and enter into this Consent Agreement voluntarily and without reservation.

6. The Respondents and the Department stipulate and agree that this Consent Agreement resolves alleged violations set forth in the Notice.

7. It is expressly understood by the Respondents and the Department that the above mentioned sum is paid and accepted as the sole consideration for full satisfaction and accord to compromise claims by the Department against Respondents, and that neither the payment of the sum by Respondents nor the negotiations for settlement shall be considered as an admission of liability by Respondents, individually or jointly.

8. The Respondents and the Department hereby acknowledge and agree that this Consent Agreement constitutes the entire agreement between the parties and that no other promises or agreements, either express or implied, have been made by the Department or by any member, officer, agent, or representative of the Department to induce the Respondents to enter into this Consent Agreement.

9. With respect to the Notice, the Respondents specifically and affirmatively waive a contested case hearing, their right to appeal, and elect to resolve this matter on the terms and conditions set forth herein.

10. The Respondents fully and forever release and discharge the CSI, Department, and all Department employees and agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of this administrative action and the Factual Allegations and Conclusions of Law contained in the Notice and incorporated by reference in this Consent Agreement.

11. The parties acknowledge and agree that this Consent Agreement may not be modified orally, and any subsequent modifications to this Consent Agreement must be mutually agreed upon in writing to be effective.

12. The Department and the Respondents agree that this Consent Agreement shall be incorporated into and made a part of the attached Final Order issued by the Commissioner herein.

13. The Respondents further understand that, upon the signing of the Final Order by the Commissioner or her representative, this Consent Agreement and Final Order will be an order of the CSI and failure to comply with it may constitute a separate violation of the Montana Insurance Code, as provided in Mont. Code Ann. § 33-1-318, and may result in subsequent legal action by the Department.

14. Upon execution of this Consent Agreement and full payment of the above mentioned sum as set forth in Paragraph 1 above, the Department will fully and forever release and discharge Respondents, Respondents' employees, and Respondents' agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted

or unasserted, known or unknown, foreseen or unforeseen, arising out of this administrative action and the Factual Allegations and Conclusions of Law contained in the Notice and incorporated by reference in this Consent Agreement and will not commence any further administrative, civil, or other legal action based upon the allegations set forth in the Notice that occurred prior to the execution of this Consent Agreement.

15. This Consent Agreement shall be effective upon signing of the Final Order.

16. The Respondents acknowledge that this Consent Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this \_\_\_\_\_ day of September, 2010.

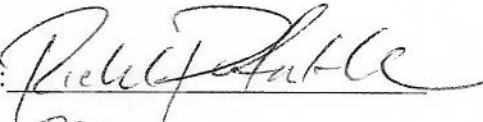
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**MIKE WINSOR**

Attorney for the Department of Insurance

DATED this 17<sup>th</sup> day of September, 2010.

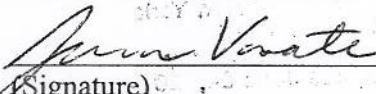
PAYLOGIX, LLC

By:   
Its: PRESIDENT

STATE OF NEW YORK )  
:ss.  
County of: NASSAU )

SUBSCRIBED and SWORN to before me this 17<sup>th</sup> day of SEPTEMBER, 2010.

SUZANNE VASATA  
Notary Public, State of New York  
No. 01VA6076413  
Qualified in Nassau County  
Commission Expires June 24, 2014

  
(Signature)  
SUZANNE VASATA  
(Printed name)

Notary Public for the State of: NEW YORK  
Residing at: 23 DOSOLUS WAY GLEN COVE NY 11542  
My Commission Expires: 6/24/2014



DATED this 17<sup>th</sup> day of September, 2010.

  
RICHARD PFADENHAUER


STATE OF NEW YORK )

:ss.

County of: NASSAU )

SUBSCRIBED and SWORN to before me this 17<sup>th</sup> day of SEPTEMBER, 2010.

SUZANNE VASATA  
Notary Public, State of New York  
No. 01VA6076413  
Qualified in Nassau County  
Commission Expires June 24, 20 14

  
(Signature)  
SUZANNE VASATA  
(Printed name)

Notary Public for the State of: NEW YORK

Residing at: 23 DOBOLIS WAY GLEN COVE NY 11542

My Commission Expires: 6/24/2014



**FINAL ORDER**

Pursuant to the authority vested by Mont. Code Ann. § 2-4-603, and the Montana Insurance Code, Mont. Code Ann. § 33-1-101, *et seq.*, and upon review of the foregoing Consent Agreement and good cause appearing therefor,

IT IS ORDERED that the foregoing Consent Agreement between the Department and the Respondent is hereby adopted as if set forth fully herein.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2010.

**MONICA J. LINDEEN**  
Commissioner of Securities  
and Insurance Montana State

By:

\_\_\_\_\_  
**ROBERT W. MOON**  
Deputy Commissioner of Insurance


c:     Mike Winsor, Insurance Department  
       Michael F. McMahon, Respondents' Attorney  
       Eric Mencher, Respondents' Attorney

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15. This Consent Agreement shall be effective upon signing of the Final Order.

16. The Respondents acknowledge that this Consent Agreement and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 21<sup>st</sup> day of September, 2010.

  
MIKE WINSOR  
Attorney for the Department of Insurance

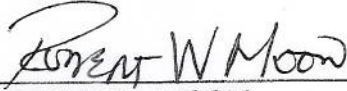
**FINAL ORDER**

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IT IS ORDERED that the foregoing Consent Agreement between the Department and the Respondent is hereby adopted as if set forth fully herein.

DATED this 21<sup>st</sup> day of SEPTEMBER, 2010.

**MONICA J. LINDEEN**  
Commissioner of Securities  
and Insurance Montana State

By:   
**ROBERT W. MOON**  
Deputy Commissioner of Insurance

c: Mike Winsor, Insurance Department  
Michael F. McMahon, Respondents' Attorney  
Eric Mencher, Respondents' Attorney